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DEPARTMENT OF STATE A, CDC/HR
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EMBTEL 1123, Nov 9 Dec 16

Dept announced ~~Saturday~~ afternoon US decision provide financial assistance Volta Project. At same time in Accra Clarence Randall as President's emissary and Ambassador Russell informed Nkrumah of decision. Purpose their personal call make clear to Nkrumah that US proceeding despite serious concern present policies Ghana Government (e.g.Ghanaian subversive activities against friendly governments, curtailment of civil and political liberties, lack of freedom of press, etc.) and in conviction project will contribute welfare people Ghana and Africa.

Request Emb make following points to officials FEDGOVT so they will have clear understanding rationale US in extending aid Volta Project:

1) Aid to Volta demonstration US interest in Ghanaian people in advancement welfare Africans not RPT not in any sense approval Nkrumah or his policies.

2) Disapproval would seriously undermine morale and

microfilmed by RMB

Drafted by: AF:AFW:CBSelak:eei 12/18/1961

Telegraphic transmission and classification approved by: AFW - Donald Dumont

Clearances:
AFW - Mr. Coote WBC
GER - Mr. O'Mahony

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influence moderate elements and at same time strengthen radical elements not RPT not only in Ghana but elsewhere in West Africa. Refusal assist Volta would be major triumph radical minority and could be decisive ~~xxiow~~ blow remaining Western influence in ~~Exxxx~~ GOG.

3) Loan to GOG is $37 million covering five-year period and aid to be disbursed in first three years about $25 million. ~~xxx failure~~ Failure GOG meet its FINANCIAL commitments under agreements could jeopardize continuance US participation in project. [redacted] Ghana is putting in sizable contribution of own. Remainder of US loans to consortium of American companies to build smelter and not RPT not to GOG. It is expected that it will take 5-7 years to complete dam and smelter. Annual US contributions will thus be quite moderate in amount. The project is self-liquidating.

4) Approval Volta Project cannot be regarded as example US ~~xxx~~ reward QUOTE bad boys UNQUOTE in Africa more than friends, as evidenced by fact that within past week USG has announced sizable contributions to Nigerian and Tanganyikan multi-year economic development plans.

5) Both IBRD, a specialized institution of UN, and USG have examined project which dates back many years, and found it economically feasible. This has been a carefully worked out project over long period of time. IBRD took leading role in mobilizing financing. UK also involved in financing dam.

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